

An Explanation of

CHILD SUPPORT ENFORCEMENT

for

CREDIT GRANTORS

U.S. Department of Health and Human Services
Family Support Administration
Washington, D.C.
November 1988



DEPARTMENT OF HEALTH & HUMAN SERVICES

Office of
Child Support Enforcement

Director
Washington, D.C. 20447

November 15, 1988

FOREWORD

Each year, millions of American children who live in single parent households are deprived of the financial support they are due because one parent is not fulfilling a moral and legal obligation to pay child support. Yet many parents who fail to meet their obligation are financially able to pay.

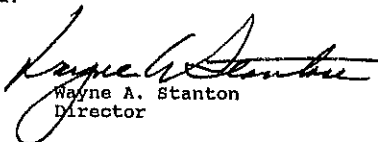
The Child Support Enforcement program is a Federal/State partnership to establish adequate child support orders and to secure regular and timely support payments. This joint effort is intended to ensure that children are financially supported by their parents, to foster family responsibility, and to reduce the cost of welfare to the taxpayer.

Federal law requires, at a minimum, that States establish procedures for reporting overdue child support obligations exceeding \$1,000 to consumer reporting agencies, commonly referred to as credit bureaus, if such information is requested by a credit bureau. The obligor must also be notified of the proposed release of information and given instructions for contesting its accuracy. But we can, and must, go well beyond the minimum; routine reporting of child support debts to credit bureaus encourages parents to fulfill their financial responsibility on time and in full.

In assessing credit applications, you, as a credit grantor, need child support obligations routinely reported as a trade line item. If child support information is not now routinely provided to the credit bureaus with whom you interact, I urge you to press for such reporting.

Stakes are high for you as a credit grantor, taxpayer, and responsible member of the community. Millions of children are needlessly suffering the deprivations of living a portion, if not all, of their childhood in poverty. Obligated parents who owe child support may not be good credit risks because child support can be enforced automatically through immediate wage withholding. And, under Federal wage withholding provisions, child support debts take precedence over any other consumer debts. Increasingly, effective child support enforcement will--and should--reduce the disposable income of people seeking credit who are past due in meeting their child support obligations.

Please take a few minutes to read this pamphlet. Your active and continuing help is critically needed!


Wayne A. Stanton
Director

CHILD SUPPORT INDEBTEDNESS: ESSENTIAL TO CREDIT REPORTING

In recent years there have been dramatic changes in the family structure: marriages are less stable and out-of-wedlock births, especially among teenagers, have increased drastically. While society expects both parents to assume responsibility for their children, more than 15 million children in the United States live in single parent households, households overwhelmingly headed by women. Because of the failure of absent parents to assume their legal and moral obligations for financial support, many of these children go without some of life's basic necessities and their custodial parents are often driven to dependence on public assistance.

The disturbing fact is that many defaulting parents have the financial ability to meet their child support obligations, but are not. In fact, many obligated parents are assuming new debts, while concealing their child support responsibilities from banks, retailers and other credit grantors. In the process, these individuals may be granted credit when, in fact, they are credit risks.

Widespread use of credit is virtually synonymous with the American way of life. As credit grantors evaluate credit applications, the full scope of an applicant's financial obligation should be taken into account, including child support obligations.

Federal law is quite clear -- overdue child support is a debt which must be paid and will be enforced by State and local authorities. If wage withholding is used to collect the support, that attachment will take precedence over any other debt. An accumulating child support arrearage seriously impairs an individual's credit worthiness.

OVERVIEW OF THE CHILD SUPPORT ENFORCEMENT PROGRAM

In 1975, Congress passed major legislation that established the Federal Child Support Enforcement (CSE) program. The program's purpose is to:

- ensure that children are supported financially by their parents,*
- encourage family responsibility, and*
- reduce the costs of public assistance to the taxpayer.*

State and local child support enforcement programs are operated according to State laws and procedures under broad legal and administrative guidelines established by the Federal Government. The programs are usually conducted through human services departments, though many States have agreements or contracts with prosecuting attorneys, other law enforcement agencies, and officials of family or domestic relations courts for specialized help. State and local child support agencies:

- locate absent/obligated parents,*
- establish paternity, when necessary, and*
- establish and enforce orders for support, using expedited legal processes.*

ENFORCEMENT TECHNIQUES USED BY CHILD SUPPORT AGENCIES

Parents who ignore their child support responsibilities feel the impact of the many special techniques used by child support enforcement agencies to collect unpaid child support. By their very nature, these remedies can affect the non-custodial parent's ability to meet other financial obligations.

- Wage/Income Withholding: An order for wage/income withholding takes precedence in the legal process over the collection of other debts. Child support enforcement (CSE) agencies are required by law to implement withholding when obligated parents are in arrears for an amount equal to no more than the child support ordered for one month. At State discretion, withholding can also be effective immediately, without any accumulation of an arrearage. Employers automatically deduct amounts for current and past due child support from obligated parents' salaries and send payments directly to the designated agency. While withholding is most commonly applied to wages, a withholding action can also be applied against other continuing forms of income, such as income from bonds, securities, retirement funds, bank accounts, royalties, etc.*
- Federal Tax Refund Offset: Each year State CSE agencies send the names of delinquent obligors to the Internal Revenue Service (IRS) for offset against any Federal income tax refunds due them. Annually, over two million cases are sent to IRS to offset Federal tax refunds for past due child support. Collections in 1988 reached \$400 million.*

- *State Tax Refund Offset:* CSE agencies can also request the State Revenue Department to offset any State income tax refund due the obligated parent.
- *Liens (Real & Personal Property):* A lien can be registered for child support against real property and specific personal property, i.e., a car, boat, etc. The statute of limitations on a lien can last up to 10 years after emancipation of the youngest child or the most recent date of the judgment.
- *Contempt of Court:* The obligated parent may be summoned for a judicial hearing to show cause why he/she should not be punished for failure to pay child support. The judge can order the obligated parent to pay the current amount and a portion of the arrears. The obligated parent may even be sentenced to jail until the arrears are purged.

CHILD SUPPORT AND CREDIT REPORTING AGENCIES

Since 1984, Federal law has included a provision for CSE agencies to make overdue child support information available to credit bureaus. Although some States and counties had agreements in place with credit bureaus to obtain information about the location of absent parents, the provision enacted in 1984 authorizes the routine transfer of child support information to credit bureaus on a much broader basis.

Routine transfer of child support payment information to credit bureaus, and in turn to credit grantors, is essential because these obligations may constitute a superior lien on a creditor's income. Overdue child support adversely affects an obligated parent's ability to pay other debts, and aggressive enforcement by child support agencies, including the possibility of incarceration, has an impact on the cash flow of the obligated parent.

CREDIT GRANTORS

What can credit grantors do? As businesses paying taxes, credit grantors should encourage each State Child Support Enforcement agency to routinely report child support information to credit bureaus.

As subscribing customers of credit bureaus, credit grantors are urged to seek inclusion of child support information as a standard "trade line" item on consumer credit reports. A trade line provides more substantive and complete information than a "public record note" which is used on credit reports to indicate a public debt or judgment activity.

To fully assess the credit risk, credit grantors need to know all obligations of an applicant. Reporting child support as a standard trade line will provide the complete picture -- current support obligations, overdue amounts, and payment history.

** * * * **

When an absent parent does not shoulder the responsibility for the support and welfare of his or her children, the burden falls on all of us. Thus, the failure of an obligated parent to pay child support not only affects the credit grantor as a businessman, but also as an individual taxpayer.

Acknowledgements

OCSE appreciates the continuous support and assistance of Barry Connelly, Senior Vice President of Associated Credit Bureaus, Inc., for his leadership in promoting child support enforcement within the credit reporting industry. Tom Ruffino, the Nebraska Child Support Administrator, as a result of his experience with the retail companies and financial institutions in his State, has also helped considerably in the development of this guide for credit grantors.

QUESTIONS & ANSWERS

The following information is of national applicability. To answer questions specific to a particular State, consult the list of State Child Support Enforcement (CSE) agencies and telephone numbers at the end of this pamphlet.

What is a child support obligation?

Every parent has a responsibility to support his or her minor child(ren). When this responsibility is formalized by a court or administrative order, then child support becomes an obligation --an amount of money is ordered and a payment schedule is established. All States have guidelines which can be used to determine the obligation amount.

What are overdue child support debts?

Child support debts occur when obligated parents fail to make payments in accordance with an order. When scheduled payments are not paid in full they accumulate in arrears. CSE agencies refer to these arrears as delinquent, past-due, or overdue child support debts.

To whom are child support payments made?

The obligated parent is most frequently ordered to make payments through the court or CSE agency. Payments are monitored regularly to insure accurate and timely payment. If the custodial parent is receiving public assistance, the first \$50 of any current support collected in a month goes directly to the family in addition to the assistance payment. The remaining monies collected go to reimburse the State for public assistance payments. In non-welfare cases, all monies collected go to the family.

How long does the child support obligation last?

In most cases, a child support obligation lasts until the child reaches the age of majority and sometimes longer. For the average obligated parent, child support may be one of the most expensive long-term obligations incurred. For example, an 18 year support obligation at \$150 a month for one child comes to \$32,400.

Can the amount of the child support obligation be modified?

Yes. Each State has provisions whereby orders can be modified either up or down. State law, administrative rule or judicial guidelines define procedures and circumstances for modification of child support obligations.

What initiates enforcement of overdue child support?

Nonpayment prompts enforcement of overdue child support. If the custodial parent is receiving public assistance, the CSE agency must monitor and enforce the support order. Parents not receiving public assistance may request the same enforcement services by contacting a CSE office.

How is payment of child support enforced?

When the support payment is unpaid, the obligation is enforced in the same manner as any other civil judgment. Failure to pay child support can also be prosecuted as a criminal proceeding. Both administrative and court-based procedures are used to enforce child support including, but not limited to: income/wage withholding, Federal and State income tax refund offset, liens against real and personal property, contempt of court, and garnishment.

Is child support enforceable across State lines?

Yes. States are required by Federal law and regulation to cooperate with one another in enforcing child support when obligated parents cross State lines. All States have legislation to establish and enforce child support obligations in interstate cases. Most remedies available to States in intrastate cases can also be used against an obligated parent who moves to another State. In addition each State is required to establish a central registry to track and monitor interstate cases.

Is routinely reporting child support information to credit bureaus a new enforcement tool for CSE agencies?

Yes. Even though CSE agencies have used credit bureaus to locate absent parents, the concept of reporting child support debts on a routine basis is relatively new. CSE agencies must report overdue child support to credit bureaus upon their request when the overdue amount exceeds \$1,000; they may voluntarily report any amount at the discretion of the CSE agency.

Will routinely reporting child support information to credit bureaus encourage obligated parents to keep their child support payments current?

Yes. As consumers, obligated parents now have an extra incentive to maintain current support payments: they want to protect their credit ratings. They do not want credit transactions tied up because of an outstanding child support debt. CSE agencies are encouraging positive results! Once notified that child support information is being routinely reported to credit bureaus, obligated parents are taking steps to pay off their accrued debts and thus, protect their credit ratings.

Can child support information on credit reports benefit credit grantors?

Child support information routinely available on credit reports, as a trade line item, will alert credit grantors that an important debt is owed which should be seriously evaluated when considering an obligated parent's credit request. This information may indicate that an obligated parent is already overextended and unable to meet current debts or to handle additional financial obligations.

Is child support information now readily available to credit grantors?

No. In most instances, credit applications do not inquire about a child support obligation and obligated, but non-paying parents are not likely to volunteer the information. Unless CSE agencies routinely report child support information, credit bureaus do not readily know which persons have child support debts.

How can credit grantors get child support information?

Credit grantors should contact credit bureaus to inquire about the availability of child support debt information. CSE agencies should have current payment records on obligated parents and must provide debt information to credit bureaus upon request. If such information is not routinely reported to credit bureaus, credit grantors are urged to press for such reporting. It may be that the information is not currently available in an automated format; this is a problem that can be surmounted. By requesting child support information credit grantors can stimulate the CSE agencies and credit bureaus to add child support information to the consumer credit file on a routine basis.

Do CSE agencies routinely provide child support debt information to credit bureaus?

Several State CSE agencies already have procedures to access the credit reporting network and routinely transfer overdue child support information to credit bureaus. Many other States are developing automated systems to provide this information.

How will CSE agencies access the credit reporting network?

CSE agencies, like any financial institution or retail company, will use the Metro Tape Format to transfer child support information to credit bureaus. Automated systems make the transfer of overdue child support and subsequent payment information easier.

Why should child support debts be included as a "trade line" item on consumer credit reports?

A trade line will establish CSE agencies as nationwide creditors. This will provide more complete child support information in the same format as all other retail and financial debts, permitting equal and comparative evaluations of an obligated parent's purchasing power.

What level of consideration should be given to support debts by credit grantors?

The child support debt should be given equal consideration when evaluating other debts contained in the obligated parent's consumer file record. Delinquent parents should not be considered good credit risks until such debts are satisfied because child support obligations will be enforced by the State or local authorities and may limit the debtor's ability to pay other bills.

Do CSE agencies need the support of credit grantors?

Yes! The awareness and interest of credit grantors in the accessibility of child support information will promote routine reporting among CSE agencies and credit bureaus. Here and in their daily credit decisions, credit grantors can make a difference!

STATE CHILD SUPPORT ENFORCEMENT OFFICES

ALABAMA

Director
Bureau of Child Support
Department of Pensions & Security
64 North Union Street
Montgomery, Alabama 36130
(205) 261-5072

CONNECTICUT

Director
Child Support Enforcement Bureau
Department of Human Resources
1049 Asylum Avenue
Hartford, Connecticut 06105
(203) 566-3053

ALASKA

Director
Child Support Enforcement Division
Department of Revenue, Hunt Bldg.
550 West 7th Avenue, 4th Floor
Anchorage, Alaska 99501
(907) 276-3441

DELAWARE

Director
Child Support Enforcement Division
Dept. of Health & Social Services
P.O. Box 904
New Castle, Delaware 19720
(302) 421-8300

ARIZONA

Administrator
Child Support Enforcement Admin.
Department of Economic Security
P.O. Box 6123, Site Code 776A
Phoenix, Arizona 85005
(602) 255-3465

DISTRICT OF COLUMBIA

Chief, Office of Paternity
and Child Support Enforcement
Department of Human Services
425 I Street, N.W., Suite 3013
Washington, D.C. 20001
(202) 724-5610

ARKANSAS

Administrator
Child Support Enforcement Division
Social Services Dept.
P.O. Box 3358
Little Rock, Arkansas 72203
(501) 682-8398

FLORIDA

Director
Office of Child Support Enforcement
Health & Rehabilitative Services
1317 Winewood Blvd., Bldg. 3
Tallahassee, Florida 32399-0700
(904) 488-9900

CALIFORNIA

Chief, Child Support Program
Management Branch
Department of Social Services
744 P Street, Mail Stop 9-011
Sacramento, California 95814
(916) 322-8495

GEORGIA

Director
Office of Child Support Recovery
State Dept. of Human Resources
878 Peachtree St. N.E. Rm. 529
Atlanta, Georgia 30309
(404) 894-4119

COLORADO

Director
Child Support Enforcement Division
Department of Social Services
1575 Sherman Street
Denver, Colorado 80203 -1714
(303) 866-5994
(866-5000: General Information)

GUAM

Supervisor
Child Support Enforcement Office
Public Health & Social Services
California First Bank Bldg.
194 Hernan Cortez Ave, 2nd Floor
Agana, Guam 96910
(671) 477-2036

HAWAII
Administrator
Child Support Enforcement Agency
Dept. of the Attorney General
P. O. Box 1860
Honolulu, Hawaii 96805 -1860
(808) 548-5779

IDAHO
Chief, Bureau of Child Support
Health & Welfare Department
Statehouse Mail
Boise, Idaho 83720
(208) 334-5710

ILLINOIS
Chief
Bureau of Child Support Enforcement
Department of Public Aid
Jesse B. Harris Bldg.
100 South Grand Avenue East
P.O. Box 19405
Springfield, Illinois 62762
(217) 782-1366

INDIANA
Director
Child Support Enforcement Division
Department of Public Welfare
141 South Meridian St., 4th Floor
Indianapolis, Indiana 46225
(317) 232-4885

IOWA
Chief, Bureau of Collections
Department of Human Services
Hoover Building, 5th Floor
Des Moines, Iowa 50319
(515) 281-5580

KANSAS
Director
Child Support Enforcement Program
Social & Rehabilitation Services
300 South West Oakley St.
Biddle Building
P. O. Box 497
Topeka, Kansas 66603

KENTUCKY
Director
Child Support Enforcement Division
Department of Social Insurance
Cabinet for Human Resources
275 East Main St., 6th Floor E
Frankfort, Kentucky 40621
(502) 564-2285

LOUISIANA
Director, Office of Family Security
Support Enforcement Services
Health & Human Resources Division
P.O. Box 94065
Baton Rouge, Louisiana 70804
(504) 342-4780

MAINE
Director
Support Enforcement and Local
Bureau of Social Welfare
Department of Human Services
State House, Station 11
Augusta, Maine 04333
(207) 289-2886

MARYLAND
Executive Director
Child Support Enforcement Agency
Department of Human Resources
311 West Saratoga Street
Baltimore, Maryland 21201
(301) 333-3979

MASSACHUSETTS
Deputy Commissioner
Child Support Enforcement Division
Department of Revenue
215 First Street
Cambridge, Massachusetts 02
(617) 621-4200

MICHIGAN
Director, Office of Child Support
Department of Social Services
300 S. Capitol Ave., Suite 621
Lansing, Michigan 48909
(517) 373-7570

MINNESOTA
Director, Office of Child Support
Department of Human Services
Suite 403, Metro Square Bldg.
St. Paul, Minnesota 55101
(612) 296-2499

MISSISSIPPI
Director
Child Support Division
Dept. of Public Welfare
P.O. Box 352
515 East Amite Street
Jackson, Mississippi 39205
(601) 354-0341, Ext. 503

MISSOURI
Administrator
Child Support Enforcement Division
Department of Social Services
P.O. Box 1527
Jefferson City, Missouri 65102-1527
(314) 751-4301

MONTANA
Director
Child Support Enforcement Program
Investigation and Enforcement Div.
Department of Revenue
P.O. Box 5955
Helena, Montana 59604
(406) 444-4614

NEBRASKA
Administrator
Child Support Enforcement Office
Department of Social Services
P.O. Box 95026
Lincoln, Nebraska 68509
(402) 471-9125

NEVADA
Chief
Child Support Enforcement Program
Department of Human Resources
2527 North Carson Street
Capitol Complex
Carson City, Nevada 89710
(702) 885-4744

NEW HAMPSHIRE
Administrator
Child Support Enforcement Services
Division of Welfare
Health & Welfare Bldg.
Hazen Drive
Concord, New Hampshire 03301
(603) 271-4426

NEW JERSEY
Director
Bureau of Child Support &
Paternity Unit
Public Welfare Division, CN 716
Trenton, New Jersey 08625
(609) 588-2401

NEW MEXICO
Chief
Child Support Enforcement Bureau
Department of Human Services
P.O. Box 2348, PERA Bldg.
Santa Fe, New Mexico 87503
(505) 827-4230

NEW YORK
Director
Office of Child Support Enforcement
State Department of Social Services
1 Commerce Plaza, P.O. Box 14
Albany, New York 12260
(518) 474-9081

NORTH CAROLINA
Chief
Child Support Enforcement Section
Division of Social Services
Department of Human Resources
437 North Harrington Street
Raleigh, North Carolina 27603-1393
(919) 733-4120

NORTH DAKOTA
Administrator
Child Support Enforcement Agency
Department of Human Services
State Capitol
Bismarck, North Dakota 58505
(701) 224-3582

OHIO

Chief, Bureau of Child Support
Department of Human Services
State Office Tower, 27th Floor
30 East Broad Street
Columbus, Ohio 43266-0423
(614) 466-3233

OKLAHOMA

Administrator
Child Support Enforcement Unit
Department of Human Services
P.O. Box 25352
Oklahoma City, Oklahoma 73125
(405) 424-5871, Ext. 2874

OREGON

Administrator
Recovery Services Section
Adult & Family Services Division
Department of Human Resources
P.O. Box 14506
Salem, Oregon 97309
(503) 378-5439

PENNSYLVANIA

Director
Child Support Enforcement Bureau
Department of Public Welfare
P.O. Box 8018
Harrisburg, Pennsylvania 17105
(717) 787-3672 or 783-5184

PUERTO RICO

Director
Child Support Enforcement Program
Department of Social Services
Café Box 3349
San Juan, Puerto Rico 00904
(809) 722-4731

RHODE ISLAND

Director
Bureau of Family Support
Department of Human Services
77 Dorrance Street
Providence, Rhode Island 02903
(401) 277-2409

SOUTH CAROLINA

Executive Assistant
Child Support Enforcement Division
Department of Social Services
P.O. Box 1520
Columbia, South Carolina 29202-9988
(803) 737-9938

SOUTH DAKOTA

Program Administrator
Child Support Enforcement
Department of Social Services
700 Governors Drive
Pierre, South Dakota 57501-2291
(605) 773-3641

TENNESSEE

Director
Child Support Services
Department of Human Services
Citizens Plaza Building
400 Deadrick Street, 12th Floor
Nashville, Tennessee 37219
(615) 741-1820

TEXAS

Special Assistant Attorney General
Child Support Enforcement Division
Office of the Attorney General
P.O. Box 12548
Austin, Texas 78711-2548
(512) 463-2181

UTAH

Director
Office of Recovery Services
Department of Social Services
120 North 200 West
P.O. Box 45011
Salt Lake City, Utah 84145-0011
(801) 538-4400

VERMONT

Director, Child Support Division
Department of Social Welfare
103 South Main Street
Waterbury, Vermont 05676
(802) 241-2868

VIRGIN ISLANDS
Chief, Support & Paternity Division
Department of Law
46 Norre Gade
St. Thomas, Virgin Islands 00801
(809) 776-0372

VIRGINIA
Director
Support Enforcement Program
Department of Social Services
8004 Franklin Farms Drive
Richmond, Virginia 23288
(804) 662-9297

WASHINGTON
Director
Office of Support Enforcement
Dept. of Social & Health Services
P.O. Box 9162-FU-11
Olympia, Washington 98504
(206) 459-6481

WEST VIRGINIA
Assistant Commissioner
Child Advocate Office
Department of Human Services
1900 Washington Street,
East Charleston, West Virginia 25305
(304) 348-3780

WISCONSIN
Director
Division of Community Services
Office of Child Support
1 West Wilson Street, Room 385
P.O. Box 7851
Madison, Wisconsin 53707-7851
(608) 266-9909

WYOMING
Program Manager
Child Support Enforcement Section
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Hathaway Building
Cheyenne, Wyoming 82002
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Additional copies of this brochure are available from the National Reference Center, (202) 252-5430.

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